



Agenda Date: 5/11/07
Agenda Item: 1A

STATE OF NEW JERSEY
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102
www.bpu.state.nj.us

AUDITS

IN THE MATTER OF A DECREASE IN RATES CHARGED)
BY ONE CALL SYSTEMS, INC. FOR OPERATION) ORDER
OF THE NEW JERSEY ONE-CALL DAMAGE)
PREVENTION SYSTEM)
DOCKET NO. AO06030158

(SERVICE LIST ATTACHED)

BY THE BOARD:

The Board of Public Utilities ("Board") has jurisdiction to oversee and enforce the provisions of the Underground Facility Protection Act ("the Act") pursuant to the provisions set forth in N.J.S.A. 48:2-73 et seq. The primary purpose of the Act is to establish the One-Call Damage Prevention System ("the System") for the protection of underground facilities that are used for the conveyance of water, forced sewage, telecommunications, cable television, electricity, oil, petroleum products, gas, optical signals, traffic control, or for the transportation of a hazardous liquid.

Pursuant to its implementing regulations, the Board designates a System Operator for a term of five years. On August 18, 2004, the Board designated One Call Systems, Inc. ("OCS" or "the Vendor") as System Operator for a period beginning November 17, 2004 and ending November 16, 2009. The Board and OCS then entered into the Agreement for Operation of the One Call Damage Prevention System ("Agreement").

As System Operator, the Vendor's primary responsibility is to process incoming messages from excavators of planned excavation or demolition activity and send notifications ("Tickets") to underground facility operators with facilities in the area of the proposed activity. The Agreement provides that OCS will be compensated for each request for mark-out ("Message") that it receives and that it will collect this compensation through a per-Ticket charge to underground

facility operators. The exact amount of this charge is calculated based upon an estimate, made at the beginning of each contract year, of the average number of Tickets that will be sent for each Message received ("the Ratio"). The Ratio is established to ensure that the charges for Tickets will provide sufficient revenue to pay OCS at the contract rate of \$7.68 per Message. Because the estimated Ratio for any given year may result in the over-compensation of the System Operator, the Agreement also provides that "OCS shall, at the request of NJBPU staff, set a lower charge per Ticket [for the next contract year] if sufficient funds are available from prior 12-month periods or collections."

For the first contract year, the Agreement assumed a Ratio of 6 Tickets to each Message and set a rate of \$1.28 per Ticket. On May 1, 2006, following review by the Board Staff and a determination that the OCS over-collected on its contractual rate, the rate was decreased to \$1.22 per Ticket for the second year of the Agreement.

On October 31, 2006, Staff received a letter from OCS stating that it needed additional time and information to determine whether the tariff rate for the third year of the Contract would need to be adjusted. Specifically, OCS indicated that since the current rate of \$1.22 per Ticket had not been in effect during the winter season when call volumes are lower, OCS could not yet determine whether this rate would result in an over-collection. In addition, OCS stated that it was in the process of collecting substantial amounts owed by underground operators who had not paid their bills in the past and that the collection actions could also affect the need for a decreased rate.

On March 16, 2007, Staff received a letter from OCS informing Staff that as of February 28, 2007, the current tariff rate had generated \$760,924.22 in excess revenues, meaning that OCS had collected more than the contract rate of \$7.68 per Message. OCS provided documentation supporting its assertion that the excess resulted from the collection of \$162,546 in outstanding accounts receivable as well as a smaller than expected decrease in Tickets based upon changes in the operational process. OCS proposed that the Ticket rate be decreased by \$.05, from \$1.22 per ticket to \$1.17 per Ticket.


After reviewing the information submitted by OCS, Staff has recommended that the tariff rate per Ticket be decreased in the amount proposed by the Vendor.

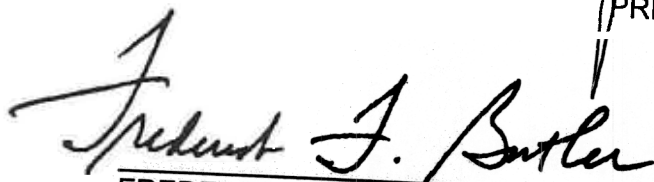
Accordingly, the Board FINDS that OCS has received revenues of \$760,924.22 in excess of the amount allowed under the current Agreement. The Board FURTHER FINDS that the Agreement requires that the tariff rate be reduced to reflect the receipt of these excess revenues. The Board HEREBY ORDERS that the rate per Ticket be decreased from \$1.22 to \$1.17 and that OCS file a revised tariff forthwith to be effective May 14, 2007.

The Board notes that the first two years of the Contract period are currently under audit by the Board's Division of Audits. Accordingly, the Board reserves the right to order a further rate decrease at a future point in the current Contract year should such reduction be warranted by the findings of the audit.

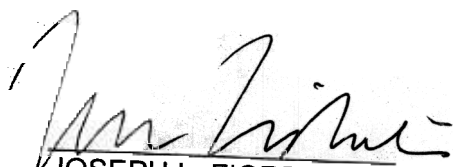
DATED: 5/15/07


BOARD OF PUBLIC UTILITIES
BY:


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PRESIDENT



FREDERICK F. BUTLER
COMMISSIONER


CONNIE O. HUGHES
COMMISSIONER

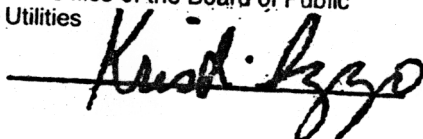

JOSEPH L. FIORDALISO
COMMISSIONER


CHRISTINE V. BATOR
COMMISSIONER

ATTEST:


KRISTI IZZO
SECRETARY

I HEREBY CERTIFY that the within
document is a true copy of the original
in the files of the Board of Public
Utilities



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SYSTEMS, INC. FOR OPERATION OF THE NEW JERSEY ONE-CALL DAMAGE
PREVENTION SYSTEM

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